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Letter dated 10 June 2015 from the President of the Governing Council of the United Nations Compensation Commission addressed to the President of the Security Council

I am pleased to provide my first report as the President of the Governing Council of the United Nations Compensation Commission on the outcomes of the Council's seventy-ninth session, which was held in Geneva on 9 June 2015. The full text of the conclusions adopted by the Council, together with additional documentation, is attached.[1] I would, however, like to highlight a few of the issues discussed during the session.

During the opening plenary meeting, Spain was elected as the President and Malaysia was elected as a Vice-President, joining Jordan, the other Vice-President. Delegations from the Governments of Kuwait and Iraq, including a delegation from the Iraq Committee of Financial Experts, which is responsible for the oversight of the oil revenues of Iraq, addressed the Council.

With regard to the matter of the levels of income and the arrangements for ensuring that deposits are made into the Compensation Fund, it is recalled that, at a special session on 18 December 2014, the Governing Council adopted decision 272, by which it postponed the requirement that Iraq deposit 5 per cent of its oil proceeds and 5 per cent of the value of any non-monetary payments of oil and oil products made to service providers into the Compensation Fund, with deposits to resume on 1 January 2016, unless the Government of Iraq and the Council decide otherwise. The Council noted the statement by Iraq at the opening plenary meeting that it intended to seek additional relief, and the preliminary indication by Kuwait of support for the position of Iraq. Members of the Council expressed their sympathy and support to the Government and the people of Iraq, and acknowledged that the difficult economic and security situation in Iraq had continued since the postponement and might further impact the timing of the conclusion of the Commission's mandate. However, the Council emphasized that it was important that Iraq fulfil its obligations and complete payment of the outstanding compensation in a timely manner. The Council will thus invite Iraq to present a written request, which the Council will consider in the coming months.

The Governing Council noted that, since the previous session, in early October 2014, one payment of $1.06 billion had been made on 23 October 2014 to the State of Kuwait, leaving approximately $4.6 billion outstanding with respect to the

[1] Not included in the present document.

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remaining claim submitted by the Government of Kuwait on behalf of the Kuwait Petroleum Corporation. Further to the adoption of decision 272, deposits to the Compensation Fund ceased at the end of 2014 and approximately $960 million were deposited into the Fund between 1 October and 31 December 2014 and were returned to the Government of Iraq on 9 March 2015.

The Governing Council also heard an update from the Secretariat on ongoing audit activities pertaining to the Commission by both the United Nations Board of Auditors and the Office of Internal Oversight Services.

With the Commission nearing the conclusion of its mandate, the Governing Council discussed activities in relation to ensuring the orderly wind-down of the Commission and welcomed the progress being made by the Secretariat with respect to the archiving of the Commission's records.

With regard to the Commission's Follow-up Programme for Environmental Awards, which was concluded at the end of 2013, the Governing Council noted that the second annual reports to the Council, as required in accordance with the assurances given by Jordan and Kuwait, had been received. With respect to Saudi Arabia, the Council noted that some documentation in relation to its first annual report remained outstanding and that the second annual report had yet to be submitted. Saudi Arabia will therefore be requested to honour its commitment in accordance with the assurances to provide annual reports on progress towards implementation of the projects, in the agreed format, with its environmental awards.

The Governing Council discussed the ongoing request by Iraq for a copy of the Commission's archives and noted that Iraq had not formally responded to the proposals put forward by the Council in March 2015. Iraq will therefore be invited to respond and strongly encouraged to consider the proposals favourably.

The next session of the Governing Council will be held in late October 2015.

(*Signed*) Ana María **Menéndez Pérez**
Ambassador
President of the Governing Council